



# Nashville/Davidson County Affordable Housing Production Report 1999-2006

January 2007

*Prepared by the Metropolitan Development and Housing Agency*

## **Introduction**

In 1999, Nashvillians came together to rally around the issue of affordable housing and its importance to the community. After an extensive planning effort led by the Downtown Nashville Rotary Club that involved a wide range of community and business leaders, it was determined there was a need for 35,000 new affordable housing opportunities to be developed by 2010.

This document reflects the level of new affordable housing production in Nashville and Davidson County on an annual basis between 1999 and 2006. This report is consistent with the Metropolitan Government's affordable housing efforts which are to expand affordable housing opportunities for low- and moderate-income families in response to current and anticipated affordable housing needs, and to encourage development which benefits the community as a whole, in partnership with private and non-profit agencies, as well as with other government agencies.

The report was developed in an effort to establish a baseline and to monitor and track affordable housing production levels in the community.

## Summary

Housing development in the years between 1999 and 2006 were of the most productive in Nashville's history. Consequently, this high rate of production and a community-wide focus on affordable housing led to the creation of an unprecedented number of affordable housing opportunities throughout the County.

Between 1999-2006, the affordable housing industry provided 26,487 new affordable housing opportunities in Nashville and Davidson County. These include homebuyer opportunities, single or multi-family rental units, development financing, special needs housing opportunities, and units preserved for affordability.

**Affordable Housing Production 1999-2006**

1999	2000	2001	2002	2003	2004	2005	2006	Total
2,637	2,468	2,535	3,445	4,376	3,615	4,128	3,283	26,487

While a majority of these opportunities have been developed by the private, for profit sector, the community development community has played a critical role in this effort. However, the non-profit community development organizations have been critical to this success, as well, as they serve the most in-need households, particularly those earning 60% or less than the median family income.

Approximately 45 percent of the total number produced was in homeownership. Financial market conditions during this time period made homeownership possible for many families that never thought they could own a home. That, combined with a variety of creative lending products developed by the non-profit and for-profit financial services industry in Nashville provided the opportunity to achieve the American Dream to over 12,000 households.

Rental housing accounted for about 35 percent of overall production. Over 9,000 new rental opportunities were created that provided safe, decent, affordable housing opportunities to households throughout Davidson County. A majority of these opportunities were financed using either Low-Income Tax Credits, or mortgages insured by the US Department of Housing and Urban Development and were affordable to households earning 60 percent or less of our area median family income.

In addition, about 20 percent of the production was for the preservation of affordable housing stock. Through various partnerships with non-profit community development organizations, local government programs, and federal government insured refinancings, over 5,000 homeownership and rental opportunities were stabilized and maintained as affordable.

## Inventory Criteria

Included in this report's inventory are:

- housing units located within Nashville/Davidson County.
- housing units that are occupied, ready for occupancy, and/or funded but not yet completed Between January 1, 1999 and December 31, 2006, targeted to households whose income is 80% or less of Median Family Income.

Income Levels	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
80%	\$34,500	\$39,400	\$44,350	\$49,300	\$53,200	\$57,200	\$61,120	\$65,040
50%	\$25,860	\$24,650	\$27,700	\$30,800	\$33,250	\$35,750	\$38,200	\$40,650
30%	\$12,930	\$14,790	\$16,620	\$18,480	\$19,950	\$21,450	\$22,920	\$24,390

- housing units that were initiated, funded, and/or developed by the public sector and other government, non and for-profit agencies, and other housing organizations.

## Housing Categories

The housing categories included in this inventory are homebuyer opportunities, homeownership financing, multifamily rental units, special needs housing opportunities, and preservation of affordability.

## Category Definitions

The definitions for the categories of housing included in the inventory are as follows:

*Affordable housing* is the term used to describe housing opportunities that are available to households earning 80% or less of median family income that do not require more than 30% of gross monthly income be spent on housing costs.

*Homeownership* is the number of new opportunities produced by the public, for-profit, and non-profit sectors that were considered affordable ( $\leq$  \$135,000) for purchase by families or individuals earning less than 80% of the Nashville MSA median family income.

*Rental* is new rental housing for individuals or families earning less than 80% of the area median family income. Included in this are rental subsidy to tenants (Section 8, etc.) and other funds provided for acquisition, rehabilitation and new construction of rental housing, including Low-Income Housing Tax Credits.

*Special needs housing* includes new transitional housing and other housing serving defined populations for families and individuals needing shelter and support services for a variety of reasons.

*Financing* is financial assistance to low- and moderate-income homebuyers to purchase a home.

*Preservation of affordability* is housing rehabilitation assistance where units currently occupied by low income households that do not meet minimum housing standards are renovated. Rehabilitation assistance provided ranges from emergency home repair to replacement of dilapidated units. This also includes the acquisition and/or repair of federally subsidized, rental properties that are at-risk of converting into market rate housing units in order to preserve affordability.

## **Funding Sources**

*Private Resources* funding from foundations, financial institutions, and others to increase the supply of affordable housing and homeownership opportunities.

*HOME Investment Partnership Program (HOME)*: Federal formula grant funding provided via HUD to states and local governments to expand the supply of affordable housing.

*Community Development Block Grant Program (CDBG)*: Federal formula grant funding provided via HUD to states and local governments to provide a variety of community development and housing services.

*Tennessee Housing and Development Agency*: HOME, Federal Low-Income Housing Tax Credits, and mortgage assistance provided to local government, other agencies, and consumers for affordable housing.

*Section 8 Rental Assistance Program*: Federal funding provided to local housing authorities and certain FHA insured rental complexes to provide rental assistance vouchers to very low-income families.

*Public Housing*: HUD funding for local housing authorities for operating subsidies and capital improvements for public housing.

*HOPE VI*: HUD program to provide funds to local housing authorities to address severely distressed public housing projects.

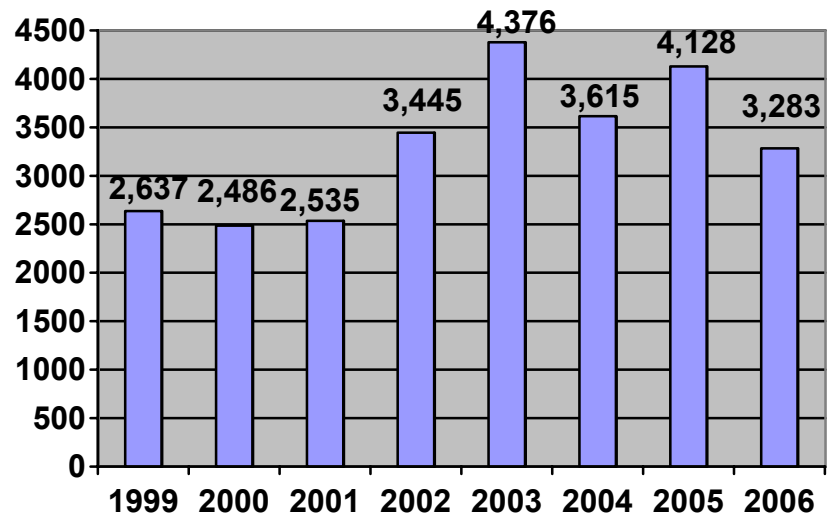
*Federal Home Loan Bank Affordable Housing Program (AHP)*: Grants made by Federal Home Loan Banks to affordable housing projects.

*Mortgage Revenue Bonds*: Bonds issued to provide funding for multi-family and/or single-family affordable housing.

*Housing Opportunities for Persons with HIV/AIDS (HOPWA)*: HUD grants dedicated to the housing needs of persons living with AIDS/HIV and their families.

*General Funds*: Discretionary local government revenues budgeted by Metro Government for affordable housing.

### **Total Affordable Housing Production 1999 – 2004**



Note: The 1999, 2000, and 2001 unit counts were adjusted to reflect for-profit production numbers that had been omitted from previous counting efforts. Source of the data for the revisions was RealTracs Multiple Listing Service activity reports.

# Appendix 1

## AFFORDABLE RENT CALCULATIONS

80% Max Income per Household	34500	39400	44350	49300
Rent Calculation (based on 80%)	1 person	2 person	3 person	4 person
Minimum Household Income	34500	39400	44350	49300
(1/2 person calculation step)		36950		46825
30% Income for Housing	10350	11085	13305	14790
Monthly cost	862.5	923.75	1108.75	1232.5
Utility Allowance (Electric)*	43	53	73	87
<b>Maximum Rent</b>	<b>\$ 819.50</b>	<b>\$ 870.75</b>	<b>\$1,035.75</b>	<b>\$1,145.50</b>
	<b>Efficiency</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>
	1 person	1.5 Person	3 Person	4.5 Person

\* Utility Allowance (Electric):

Assumes water and sewer included in rents.

Affordable Housing is defined as follows:

Rents cannot exceed 30% of individuals income (including utilities)  
based on incomes of 80% of median for the Nashville MSA

Units must be rented to those earning less than 80% of median income

Source: Metropolitan Development Housing Agency



## Appendix 2

### AFFORDABLE OWNERSHIP CALCULATIONS

	1 person	2 person	3 person	4 person
80% Max Income per Household	34500	39400	44350	49300
30% Income for Housing	10350	11820	13305	14790
Assumptions:				
- 5.75% interest, 97% LTV				
- 30 year mortgage				
- 10% income monthly debt obligations				
Maximum Purchase Price (approximate)	<b>96,000</b>	<b>110,000</b>	<b>125,500</b>	<b>135,000</b>

Affordable Housing is defined as follows:

Payments cannot exceed 30% of household income  
Based on incomes of 80% of median for the Nashville MSA

Source: Metropolitan Development Housing Agency